

## Message Text

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ACTION STR-04

INFO OCT-01 IO-14 ISO-00 STRE-00 AGRE-00 CEA-01  
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AID-05 SS-15 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02  
FEAE-00 OMB-01 AF-10 ARA-10 EA-09 EUR-12 NEA-10  
/149 W

-----061832Z 086012 /42

R 061641Z JUN 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 7987

UNCLAS SECTION 1 OF 2 GENEVA 4479

USMTN

ACTION STR FOR WOLFF AND DONALDSON

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJ: TEXT OF JUNE 6 ARTICLE IN "FIGARO" WHICH MENTIONS MR.  
WOLFF

FOLLOWING IS TEXT OF JUNE 6 ARTICLE IN "FIGARO" WHICH  
MENTIONS MR. WOLFF:

"LE FIGARO" , JUNE 6, 1977

IS AMERICA PROTECTIONIST?

"THE MORAL OBLIGATION OF CARRYING ON TRADE AMONG  
NATIONS IS FOUNDED ENTIRELY AND EXCLUSIVELY ON THE CHRISTIAN  
PRINCIPLE WHICH DIRECTS THAT WE LOVE OUR NEIGHBOR AS  
OURSELVES'. IT WAS IN THESE IDYLIC TERMS THAT JOHN QUINCY  
ADAMS IN 1842, THEN PRESIDENT OF THE U.S., DEFINED THE CONDUCT  
OF WORLD TRADE. IT IS AN OLD TRADITION WHICH GIVES A SACRED  
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CHARACTER TO FREE TRADE IN THE AMERICANS' EYES....BUT IS IT  
ALIVE TODAY?

"THE QUESTION IS AN EXTREMELY IMPORTANT ONE BECAUSE  
OF THE ECONOMIC CRISIS PREVAILING IN THE WORLD. FRANCE SEEKS  
TO DEVELOP ITS EXPORT TRADE TO THE U.S.,...THIS IS CRUCIAL  
FOR OUR BALANCE OF PAYMENTS AND IN OUR FIGHT AGAINST INFLATION.

BUT WILL THE AMERICANS ALLOW THIS? THEY ARE EXPERIENCING THE SAME ECONOMIC DIFFICULTIES WE ARE, AND ARE THEY NOT TEMPTED TO ERECT NEW BARRIERS AGAINST OUR PRODUCTS, AS THEY HAVE IN THE PAST, IN SPITE OF THESE FINE PRINCIPLES?

"TO BE SURE THE INDUSTRIALIZED COUNTRIES, RECENTLY GATHERED IN LONDON, REAFFIRMED THE NECESSITY NOT TO GIVE IN TO PROTECTIONISM. AND PRESIDENT CARTER PARTICIPATED AT THE CONFERENCE. WE STILL HAVE REASON TO WONDER IF, ON THE OTHER SIDE OF THE ATLANTIC, THEIR ACTS CORRESPOND TO THEIR DECLARATIONS OF INTENT.

"OUR MINISTER OF FOREIGN TRADE, ANDRE ROSSI, SPEAKING RECENTLY TO AN AMERICAN AUDIENCE, DID NOT MINCE WORDS. 'TEMP-TATIONS TO PROTECTIONISM EXIST EVERYWHERE,' HE SAID. 'BUT WHILE THE EUROPEAN COMMUNITY REMAINS ONE OF THE LEAST PROTECTED MARKETS IN THE WORLD, WE MUST STATE THAT IN THE CASE OF THE U.S. THERE ARE REAL OBSTACLES TO THE DEVELOPMENT OF TRADE.' ONE CANNOT HELP BUT THINK OF THE CONCORDE CASE. BUTH THAT IS ONLY ONE OF THE ITEMS IN THE DOSSIER.

"FIRST OF ALL, THERE IS THE PROBLEM OF AMERICAN CUSTOMS DUTIES. THOUGH THEY DON'T APPEAR TO BE ON AVERAGE MUCH HIGHER THAN THOSE OF THE COMMUNITY, THEY VARY CONSIDERABLY FROM ONE PRODUCT TO ANOTHER AND IN CERTAIN CASES STRONGLY DISCOURAGE TRADE. THUS 14 PERCENT OF IMPORTS ARE TAXED AT OVER 20 PERCENT UPON ENTRY INTO THE U.S., WHILE ONLY 0.4 PERCENT OF EEC IMPORTS RECEIVE THE SAME TREATMENT. AMERICAN CUSTOMS DUTIES REACH 32 PERCENT FOR TEXTILES IN GENERAL (THE COMMUNITY: 15 PERCENT), UNCLASSIFIED

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68 PERCENT FOR WATCH MOVEMENTS, 70 PERCENT FOR LUGGAGE, 85 PERCENT FOR LEATHER CLOTHING, 110 PERCENT FOR WOOLENS AND - SURPRISE - 240 PERCENT FOR BRUSHES AND BROOMS\*

MOREOVER, THE AMERICAN CUSTOMS VALUATION SYSTEM DOES NOT PERMIT FOREIGN EXPORTERS TO KNOW WITH CERTAINTY THE AMOUNT OF DUTY WHICH WILL AFFECT THEIR PRODUCTS UPON ENTRY, WHICH INCREASES THE RISKS ALL THE MORE. EVEN MORE SERIOUS IS THE VARIATION FROM ONE STATE TO ANOTHER IN REGULATIONS APPLICABLE TO CERTAIN PRODUCTS, ESPECIALLY WITH REGARD TO STANDARDS. AND SO WE SEE NON TARIFF BARRIERS ERECTED UNDER THE PRETEXT OF PROTECTING AGAINST POLLUTION OR NOISE, AS IN THE CASE OF THE CONCORDE. THESE QUIBBLING STANDARDS RANGE FROM THE SIZE OF ELECTRICAL EQUIPMENT TO THE LABELLING OF WINE BOTTLES AND THE CHARACTERISTICS OF PHARMACEUTICAL PRODUCTS.

"DESPITE THE TRADE ACT ADOPTED A LITTLE OVER TWO YEARS AGO BY CONGRESS, THE OBSTACLES ARE INCREASING BY MEANS OF

JURIDICAL PROCESSES LIMITING THE FEDERAL GOVERNMENT'S POWER TO ACT IN MATTERS OF INTERNATIONAL TRADE. SUCH MEANS WERE RECENTLY EMPLOYED TO REDUCE THE IMPORT QUOTAS ON COGNAC AND SPECIALTY STEELS.

"FINALLY, THE ECONOMIC AND ENERGY PLAN RECENTLY ANNOUNCED BY PRESIDENT CARTER THREATENS TO DARKEN THE OUTLOOK EVEN MORE. WITH THE AIM OF REDUCING THE CONSUMPTION OF OIL THIS PLAN CALLS FOR A TAX OF \$4,500 ON BIG CARS AND, ON THE OTHER HAND, A REBATE OF \$500 ON SMALL CARS. THIS DISCRIMINATION WOULD APPLY TO IMPORTED CARS. INDEED, THE AMERICAN GOVERNMENT PLANS TO LIMIT THE \$500 REBATE TO THOSE CARS SOLD IN THE U.S., WHICH INEVITABLY WOULD PENALIZE OUR PRODUCTION AS AGAINST THE AMERICAN PRODUCTION.

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FM USMISSION GENEVA  
TO SECSTATE WASHDC 7988

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"TO ALL OF THIS THE MAERICAN LEADERS REPLY THAT WE MUST NOT OVERDRAMATIZE. DAVID ROCKEFELLER, PRESIDENT OF THE CHASE MANHATTAN BANK, ASSURED US, ' WE ARE SEEING PROTECTIONIST TENDENCIES, ESPECIALLY IN THOSE SECTORS OF THE ECONOMY WHERE THERE IS A RAPID INVASION OF FOREIGN PRODUCTS. BU, GENERALLY, AMERICAN POLICY REMAINS IN FAVOR OF A FREE MARKET SINCE WE DEPEND MORE AND MORE ON OUR TRADE WITH OTHER COUNTRIES.' THIS IS AN OPTIMIST IC DECLARATION WHICH LAWRENCE FOX, SPOKESMAN OF THE NATIONAL ASSOCIATION OF MANUFACTURERS ECHOED, ' THE FREE TRADE CURRENT, IN SPITE OF EVERHTHING, REMAINS DOMINANT', HE SAID, 'AND RECENT DECISIONS OF THE ADMINISTRATION CONCERNING FOREIGN TRADE HAVE BEEN LIBERAL.' THIS SPOKESMAN FOR THE INDUSTRIAL

COMMUNITY ADMITS AT THE SAME TIME THAT THERE ARE PROTECTIONIST PRESSURES, SAYING THAT THEY COME FROM THE UNIONS.

"ALAN WOLFF, ONE OF THE U.S. GOVERNMENT REPRESENTATIVES AT THE LONDON CONFERENCE, ALSO STRESSES THESE UNION PRESSURES FOREIGN COMPETITION: TEXTILES, TELEVISIONS, ELECTRONICS, SHOES, ETC. BUT HE ADDS, 'IF THERE ARE TEMPORARY PROTECTIONIST ACTIONS, THEY ARE PROBLEMS OF ADJUSTMENT. THIS IS NOT TRUE PROTECTIONISM WHICH CONSISTS OF ISOLATING THE NATIONAL MARKET AND PREVENTING THE FREE PLAY OF ECONOMIC FORCES.'  
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"THE AMERICANS, MOREOVER, ARE NOT WITHOUT GRIEVANCES TOWARD THE EUROPEANS. THEY CRITICIZE THE COMMUNITY FOR BEING DISCRIMINATORY IN TARIFF MATTERS, RESTRICTIVE ON STANDARDS, AND ESPECIALLY OF USING TO TOO GREAT AN EXTENT EXPORT SUBSIDIES, INCLUDING THE REIMBURSING OF INDIRECT TAXES (TVA). 'WE COULD EVENTUALLY ACCEPT THE REBATING OF INDIRECT TAXES', THEY SAY IN WASHINGTON, 'IF THERE WERE ESTABLISHED SIMILAR COMPENSATIONS IN FAVOR OF COUNTRIES LIKE THE U.S., WHICH HAVE A TAX STRUCTURE BASED ESSENTIALLY ON DIRECT TAXES.'

THE FRENCH GOVERNMENT FOR ITS PART, AND THE EEC, WOULD LIKE TO USE THE FORTHCOMING MULTILATERAL TRADE NEGOTIATIONS WITHIN THE FRAMEWORK OF GATT, PREPARATIONS FOR WHICH ARE NOW GOING ON IN GENEVA, FOR A WORLDWIDE DISCUSSION OF TARIFFS, CUSTOMS VALUATION, NON TARIFF BARRIERS, SUBSIDIES AND ALL OTHER OUTSTANDING QUESTIONS. 'WE MUST TRY', SAYS ADRIANO ROSSI, 'TO STANDARDIZE ONCE AND FOR ALL CONDITIONS FOR ACCESS TO THE AMERICAN MARKET.'

ALAN WOLFF, WHOSE OPINION WE CAN TAKE AS REFLECTING THE THINKING OF THE PRESENT ADMINISTRATION, ADMITS THAT THE PROFILE OF AMERICAN CUSTOMS DUTIES IS LESS EQUAL THAN THAT OF EUROPEAN TARIFFS AND THAT THERE IS REASON TO 'CUT DOWN THE PEAKS'. BUT HE THINKS THAT TARIFFS ARE NOTHING BY COMPARISON WITH THE VARIATIONS IN THE RATES OF EXCHANGE. HE FEELS IT IS IMPORTANT ABOVE ALL ELSE TO AVOID THE CREATION OF NEW ARTIFICIAL TRADE BARRIERS LIKE THOSE WHICH THE STATES ERECT ON THE BASIS OF STANDARDS. 'THIS IS WHY', HE SAYS, 'IT IS IMPORTANT THAT IN GENEVA THE FEDERAL GOVERNMENT BE SIGNATORY TO CODES WHICH CAN THEN BE IMPOSED ON ALL THE STATES.'

THE COMPLEXITY OF THE PROBLEMS THAT CONFRONT US DUE TO THE INTERNAL STRUCTURE OF OUR TRANSATLANTIC PARTNER IS EVIDENT. THE SUCCESSFUL WEATHERING OF THE CRISIS SHOULD LEAD  
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TO THE AVOIDANCE OF ECONOMIC WARFARE AND TO A GREATER COOPERA-  
TION -- AT LEAST IF IT IS TRUE THAT THE MANIFESTATIONS OF  
PROTECTIONISM IN THE U.S. ARE MORE CYCLICAL THAN STURCTURAL.  
CULBERT

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## Message Attributes

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WH  
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